

MANUFACTURING+
SALES & USE TAX
EXEMPTION



*New
Employment*
CREDIT

G E D I

**GOVERNOR'S ECONOMIC
DEVELOPMENT INITIATIVE**



Manufacturing Equipment+ Sales & Use Tax Exemption

Incentive Type

Value of Incentive

Maximum Annual Amount

Getting Incentives

Business Location

Equipment Qualified for Manufacturing Equipment+ Sales & Use Tax Incentive

- Sales Tax Exemption
- Eliminates California portion of sales tax (4.19%)
- \$200 million of equipment regardless of entity type
- Benefit immediate - no state tax paid at time of purchase
- Anywhere in California
- Basic manufacturing equipment PLUS...
 - Food processing equipment
 - Manufacturing R&D equipment
 - Biotech manufacturing equipment
 - Biotech R&D equipment
 - Food processing R&D equipment
 - Addition of necessary tenant improvements (ex: clean rooms for biotech, manufacturing, et al.)



New Employment Credit

Middle Class Wages	<ul style="list-style-type: none">• Credit based on wages <u>above</u> \$12 an hour & up to \$28 an hour (or above \$10 an hour base in limited pilot areas)
Max Credit Amount	<ul style="list-style-type: none">• \$56,000 per employee (5-year total, 2,000 hours)
Credit Calculation	<ul style="list-style-type: none">• 35% of wages each year for a total of 175%
Employee Qualifications	<ul style="list-style-type: none">• Persons unemployed 6 months, veterans within one year of separation, EITC recipients, ex-offenders and recipients of CalWorks or general assistance
Poverty Area Targeting	<ul style="list-style-type: none">• Areas based on census tracts with highest unemployment and poverty rates as well as LAMBRAS and current enterprise zone boundaries (excluding wealthy areas)
Retroactive Availability	<ul style="list-style-type: none">• No retroactive availability
Credit to Replace Current Employees	<ul style="list-style-type: none">• Employer gets credit only for increasing jobs
Incentive Transparency	<ul style="list-style-type: none">• Tax credit info will be publicly posted on FTB webpage



California Competes Credit

Incentive Type

- Income tax credit negotiated between GO-Biz and businesses that want to come to California or stay and grow in California

Amount of Credit

- Credit amount depends on several factors including:
 - The number of jobs the business will create or retain and the compensation paid to its employees
 - The amount of investment in California by the business as well the business' economic impact here
 - No single business will receive more than 20% of the total amount available.

Business Location

- Location can be ANYWHERE in California

Business Size

- Credit available to both large and small businesses. 25% of available credit each year specifically reserved for small businesses (gross receipts of less than \$2M)

Incentive Transparency

- All CC incentive awards will be made public and award information must be posted on the GO Biz web page

UPDATES



- California Competes workshops to be held in October
- New Employment Credit maps will be up in October
- Manufacturing+ FAQs will be up on www.boe.ca.gov next month.
- New Employment Credit FAQs will be up on www.ftb.ca.gov on Sept 13th
- FTB is working on adding online vouchering to the New Employment Credit. No details yet.



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